

Message Text

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ACTION SS-30

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O R 162200Z FEB 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 9853

INFO GOVERNOR PANCANAL

USCINCSO

C O N F I D E N T I A L SECTION 1 OF 3 PANAMA 1003

EXDIS

E.O. 11652: GDS

TAGS: PN, PFOR

SUBJECT: U.S.-PANAMA TREATY NEGOTIATIONS: DEPUTY NEGOTIATOR TALKS--REPORT NO. 2

FOR AMBASSADOR BUNKER FROM BELL

I. SETTING

GENERAL TORRIJOS AND HIS INTIMATES HAVE BEEN ON CONTADORA MUCH OF THE TIME KOZAK AND I HAVE BEEN HERE, JOINED OCCASIONALLY BY DEPUTY NATIONAL GUARD COMMANDER GARCIA. I GATHER THAT THIS GROUP REMAINS PROUD OF THE EVENTS OF FEBRUARY 7, DESPITE THE EFFORTS OF POLITICAL OPPONENTS TO DEPRECATE THEM, AND PROUD ALSO OF THE ACCOMPLISHMENT OF AMBASSADOR GONZALEZ REVILLA WITH RESPECT TO THE PRINCIPLES AGREEMENT THAT BROUGHT ABOUT THOSE EVENTS.

GONZALEZ IS PROBABLY GETTING TO BE SOMEWHAT BIG FOR HIS BRITCHES, BUT I THINK THAT IS THE WAY TORRIJOS INTENDS HIM TO BE, AND THEY ARE CLEARLY CLOSE IN TERMS OF PERSONAL FRIENDSHIP AND DEDICATION TO THE CONCEPTS OF "THE REVOLUTION".

AS A PANAMANIAN NEGOTIATOR THE AMBASSADOR CONTINUES IN MY VIEW TO BE WORTHY: HE IS A FAIRLY FIERCE BUT RATIONAL PATRIOT; HE HAS RID HIMSELF OF MANY OF PANAMA'S LEGASLISTIC AND HISTORICAL SHIBBOLETHS; HE HAS A FINE AND PAINFUL INSTINCT FOR THE JUGULAR OF HIS OPPONENT; HE IS CREATIVE; AND HE VERY MUCH WANTS A NEW
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TREATY.

I MENTIONED IN MY FIRST REPORT (PANAMA 0885) THAT WE HAD BEEN PROCEEDING SLOWLY AND THAT HAS REMAINED TRUE, PARTICULARLY

AS WE HAVE MOVED INTO THE DEEPER WATERS OF PRINCIPLES FIVE THROUGH EIGHT. PARTLY THAT IS BECAUSE THE DISCUSSION OF WHICH "ISSUE QUESTIONS" SHOULD BE LISTED UNDER EACH PRINCIPLE HAS LED TO A GOOD DEAL OF PROBING OF HOW EACH SIDE FEELS ABOUT BASIC THINGS. AND PARTLY THAT IS BECAUSE IT HAS BEEN NECESSARY TO CONCOCT LANGUAGE FOR THE "ISSUE QUESTIONS" WHICH WILL LEAD PANAMA TOWARD THE ANSWERS WE WANT TO RECEIVE YET AT THE SAME TIME WILL NOT CONTRAVENE THE CONCEPTS OF THE PRINCIPLES TO WHICH THE SECRETARY HAS AGREED. SOME OF THE "ISSUE QUESTIONS" WERE DELIBERATELY STATED IN GENERAL TERMS WHICH WOULD NOT BE ADEQUATE IN THE FINAL LIST. MY PURPOSE HAS BEEN TO GET THE PANAMANIAN TO BEGIN THINKING IN TERMS OF DEVELOPING PROPOSALS THEMSELVES RATHER THAN MERELY REACTING TO OURS. GONZALEZ HAS NOTED THAT A NUMBER OF THE PROPOSALS ARE "FORCING" PANAMA TO COME UP WITH SOMETHING "POSITIVE" IN RESPONSE.

KOZAK HAS BEEN EXTREMELY HELPFUL AND I AM THANKFUL TO HAVE HAD HIM. THE CONTADORANS WELCOMED HIM WARMLY.

II. SUBSTANCE OF TALKS

I HAD AGREED TO DEVELOP ISSUES FOR PRINCIPLES FIVE THROUGH EIGHT PLUS OTHERS WHICH DID NOT FIT READILY UNDER ANY OF THE PRINCIPLES. THESE I HANDED GONZALEZ THE EVENING OF FEBRUARY 13, AND WE MET THE MORNING OF THE 14TH.

THE AMBASSADOR SAID HE HAD GIVEN PRINCIPLES ONE THROUGH FOUR TO THE FOREIGN MINISTER AND WOULD MAKE NO COMMENT ON THEM AT THAT TIME. ON PRINCIPLES FIVE THROUGH EIGHT AND THE "OTHER ISSUES" CATEGORY, HE WOULD OFFER ORAL COMMENTS. HE AND THE MINISTER PLAN TO STAY AN EXTRA DAY IN MEXICO CITY WORKING OUT PANAMA'S WRITTEN REACTION TO THE ISSUES I PROPOSED AND GONZALEZ WILL DELIVER THEM IN WASHINGTON.

A. PRINCIPLE FIVE

I THOUGHT WE SHOULD AVOID TURNING THE COMPENSATION ISSUE INTO A PROBLEM OF ESTABLISHING THE ELEMENTS TO BE TAKEN INTO CONFIDENTIAL

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ACCOUNT IN DETERMINING PANAMA'S JUST AND EQUITABLE SHARE" OF THE ECONOMIC BENEFITS (E.G., THE VALUE OF THE USE OF ITS TERRITORY; THE DEFENSE VALUE TO THE UNITED STATES, ETC.) FOR THAT COULD LEAD TO SEPARATE PANAMANIAN DEMANDS UNDER EACH COMPONENT WHICH IN TOTAL WOULD EXCEED THE MAGNITUDE OF THE COMPENSATION WE CURRENTLY CONTEMPLATE. MOREOVER, SUCH AN APPROACH COULD STAND AS AN INVITATION FOR PANAMA TO TRY, AS IT HAS IN PAST NEGOTIATIONS, TO TIE DIRECT PAYMENTS TO SPECIFIC UNITED STATES RIGHTS. ACCORDINGLY, I PROPOSED IN EFFECT, THAT WE TRY TO ARRIVE AT A GLOBAL COMPENSATION FIGURE, AND THEREAFTER FIGURE OUT WHAT THE TREATY WILL SAY WE ARE COMPENSATING PANAMA FOR.

FROM MY TALKS WITH GONZALEZ I HAD INFERRED THAT PANAMA

WOULD WEEK SOME MECHANISM FOR READJUSTING THE AMOUNT OF COMPENSATION OVER TIME. INDEED, A METHOD OF EFFECTING CHANGES IN THE AMOUNT RECEIVED BY PANAMA SEEMS INHERENT IN THE "JUST AND EQUITABLE SHARE" CONCEPT. THEREFORE, I PROPOSED THE FOLLOWING LANGUAGE, DESIGNED TO BE CONSISTENT WITH OUR EXISTING POSITION THAT COMPENSATION SHOULD BE TIED TO THE AMOUNT OF TRAFFIC USING THE CANAL, BUT NOT PRECLUDING THE DEVELOPMENT OF OTHER MODES OF ADJUSTING THE LEVEL OF PAYMENTS:

QUOTE 1. WHAT WILL BE THE ANNUAL AMOUNT OF COMPENSATION FROM THE UNITED STATES WHICH CORRESPONDS TO PANAMA'S JUST AND EQUITABLE SHARE OF THE ECONOMIC BENEFITS DERIVING FROM THE OPERATION OF THE CANAL IN ITS TERRITORY?

2. WHAT PROVISIONS SHALL BE MADE TO ASSURE THAT THE ANNUAL AMOUNT OF COMPENSATION WILL CONTINUE, THROUGHOUT THE TREATY'S LIFETIME, TO CORRESPOND TO PANAMA'S JUST AND EQUITABLE SHARE? UNQUOTE

THE AMBASSADOR'S INITIAL REACTION TO THIS LANGUAGE WAS FAVORABLE, AND HE COMMENTED THAT HE APPRECIATED THE EFFORT TO PUT THE ISSUES IN A WAY FAIR TO BOTH SIDES. HE NOTED, OF COURSE, THAT THE "ISSUE QUESTIONS" DID NOT ENCOMPASS THE STATEMENT IN THE PRINCIPLE THAT PANAMA'S GEOGRAPHICAL POSITION CONSTITUTES ITS PRINCIPAL RESOURCE, AND SAID HE HAD BEEN WONDERING HOW THAT "FACT" COULD BE TRANSLATED INTO ECONOMIC TERMS. HE HAD NOT YET THOUGHT THE MATTER THROUGH SUFFICIENTLY TO BE ABLE TO ELABORATE. ANOTHER THOUGHT HE RAISED WAS THAT PANAMA'S ANNUAL COMPENSATION SHOULD BE IN TERMS OF CONSTANT DOLLARS TO TAKE INTO ACCOUNT INFLATION, CHANGES IN EXCHANGE RATES, ETC.
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B. PRINCIPLES SIX

IT HAD BECOME CLEAR FROM PAST CONVERSATIONS WITH GONZALEZ THAT PANAMA HAS NO IDEA HOW IT MIGHT START MEANINGFULLY TO PARTICIPATE IN THE CANAL ORGANIZATION NOR, INDEED, HAVE I, BEYOND SENSING THAT THE INITIAL PARTICIPATION SHOULD BE CONSULTATIVE IN NATURE. IT HAD ALSO BEEN CLEAR THAT PANAMA WOULD TRY TO INSIST THAT ITS PARTICIPATION BE AN "INCREASING" ONE.

SINCE THE CRITICAL PROBLEM IS HOW TO GET PANAMANIAN PARTICIPATION OFF THE GROUND, I THOUGHT WE SHOULD ACKNOWLEDGE THAT AS THE FIRST ISSUE. I THOUGHT ALSO THAT WE OUGHT TO TRY TO FORESTALL PANAMA FROM PRESENTING AS AN ISSUE THE QUESTION OF ESTABLISHING ANYTHING APPROACHING A FORMULA OR TIMETABLE FOR INCREASING PARTICIPATION. THE FOLLOWING LANGUAGE WAS THEREFORE PROPOSED:

QUOTE 1. HOW SHALL PANAMA BEGIN TO PARTICIPATE IN THE OPERATION OF THE CANAL?

2. SHALL THERE BE ESTABLISHED PROCEDURES FOR PERIODIC CONSULTATIONS BETWEEN THE TWO GOVERNMENTS TO MAKE SUCH CHANGES IN THE NATURE OF PANAMA'S PARTICIPATION AS THEY

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GONZALEZ REACTED BY COMMENTING THAT HE THOUGHT WE OUGHT TO ESTABLISH SOMEHOW THE CONCEPT THAT PANAMA'S PARTICIPATION SHOULD BE "INCREASING" UNTIL IT ASSUMES TOTAL RESPONSIBILITY FOR THE OPERATION OF THE CANAL. HE IS CONTINUING TO STUDY MY PROPOSED LANGUAGE WITH THAT IN MIND.

AS YOU KNOW, NSDM 115 APPEARS TO GIVE YOU BROAD DISCRETION WITH RESPECT TO NEGOTIATING SPECIFIC ARRANGEMENTS FOR PANAMANIAN PARTICIPATION, ALTHOUGH EXTENSIVE CONSULTATIONS WITH OPERATING AGENCIES IN WASHINGTON AND HERE WOULD BE IN ORDER. I HAVE BEEN THINKING OF WAYS BY WHICH WE COULD BEGIN TO GRAPPLE WITH THE PROBLEM OF INITIATING PANAMA'S PARTICIPATION AND WOULD LIKE TO DISCUSS THEM ON MY RETURN.

WITH RESPECT TO THE PORTION OF THE PRINCIPLE DEALING WITH UNITED STATES' RIGHTS, I HAD TWO CONCERNS: (A) TO TRY TO GET ACROSS THE IDEA THAT THOSE RIGHTS RELATE TO AND SHOULD BE DEFINED IN TERMS OF SPECIFIC FUNCTIONS THAT WE WILL RETAIN (IN ORDER TO REASSURE PANAMA THAT WE ARE NOT SEEKING TO RETAIN PLENARY AND EXCLUSIVE JURISDICTION OVER ANY PART OF PANAMANIAN TERRITORY) AND (B) TO TEST HOW SERIOUS PANAMA IS IN ITS ASSERTIONS THAT IT NOW DESIRES A SIMPLE TREATY. I DID NOT THINK IT WISE TO INITIATE THE ATTEMPT TO NARROW THE TERMS OF REFERENCE FOR FUTURE NEGOTIATIONS BY IDENTIFYING, EVEN BROADLY, THE VARIOUS RIGHTS THE UNITED STATES IS SEEKING. A LIST OF THE RIGHTS AT ISSUE AS THEY HAVE DEVELOPED IN PREVIOUS NEGOTIATIONS WOULD READ LIKE A DEAD SCROLL AND BE VIEWED BY

PANAMA AS PROOF THAT WE ARE STILL LOCKED INTO OLD FORMU-
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LAE. ACCORDINGLY I CHOSE TO DRAFT THE RIGHTS QUESTION IN THE TERMS OF THE PRINCIPLE, AND THUS TRY TO LEAD PANAMA TO ADDRESS OUR INTERESTS. THE FOLLOWING WAS PROPOSED:

QUOTE 4. WHAT ARE THE RIGHTS WHICH PANAMA SHALL GRANT TO THE UNITED STATES TO ENABLE IT TO CARRY OUT THE FUNCTION OF REGULATING THE TRANSIT OF SHIPS THROUGH THE CANAL?

5. WHAT ARE THE RIGHTS WHICH PANAMA SHALL GRANT TO THE UNITED STATES TO ENABLE IT TO CARRY OUT THE FUNCTIONS OF
- A. OPERATING AND MAINTAINING THE CANAL;
 - B. PROTECTING AND DEFENDING THE CANAL; AND
 - C. CONDUCTING ANY OTHER SPECIFIC ACTIVITIES RELATED TO THOSE ENDS?
6. ON THE ASSUMPTION THAT IT IS DESIRABLE TO ACHIEVE AS BRIEF AND SIMPLE A NEW TREATY AS POSSIBLE, HOW SHALL THE RIGHTS MENTIONED UNDER QUESTIONS 4 AND 5 BE PROVIDED FOR IN THE TREATY, CONSISTENTLY WITH THAT PRINCIPLE? UNQUOTE

GONZALEZ' REACTION WAS ALONG THE LINES I HAD HOPED FOR. HE RECOGNIZED I WAS SOLICITING A PANAMANIAN INITIATIVE, AND BEGAN TO THINK ALOUD ABOUT POSSIBLE WAYS OF IDENTIFYING "BROAD CATEGORIES" OF UNITED STATES RIGHTS (HE MENTIONED "LABOR" AS AN EXAMPLE). HE ALSO SEEMED TO THINK THAT SUCH BROAD CATEGORIES COULD SERVE AS THE MEANS FOR PROVIDING A SIMPLIFIED TREATMENT OF OUR RIGHTS IN THE TREATY. AND HE REITERATED PANAMA'S DESIRE FOR A SIMPLE TREATY.

C. PRINCIPLE SEVEN

PANAMANIAN OFFICIALS HAVE PUBLICLY ACKNOWLEDGED, WITH OBVIOUS PLEASURE, THAT IN THE PRINCIPLES THE UNITED STATES FOR THE FIRST TIME HAS AGREED TO PANAMANIAN PARTICIPATION IN PROTECTING AND DEFENDING THE WATERWAY. PRIVATELY, THEY HAVE ALLOWED ME TO INFER THAT PANAMA IS LESS INCLINED THAN FORMERLY TO MAKE A FUSS ON THE PROTECTION AND DEFENSE ISSUE, IF ONLY THE UNITED STATES CAN HELP TO DEFUSE IT BY REMOVING THE MORE FLAMBOYANT ACCOUTREMENTS OF OUR MILITARY PRESENCE HERE.

ON THE PARTICIPATION ISSUE I TOOK INTO ACCOUNT THE SAME CONSIDERATIONS OUTLINED ABOVE WITH RESPECT TO PRINCIPLE SIX. IN ADDITION, I TRIED TO DISCOVER PANAMA'S REACTION TO THE BASIC DISTINCTION BETWEEN POLICE AND MILITARY FUNCTIONS WHICH UNDERLIES

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EXISTING UNITED STATES POSITIONS. THE FOLLOWING LANGUAGE WAS PROPOSED:

QUOTE 1. HOW SHALL PANAMA BEGIN TO PARTICIPATE WITH THE UNITED STATES IN THE PROTECTION AND DEFENSE OF THE CANAL?

(A) IS IT RECOGNIZED BY BOTH PARTIES THAT PROVIDING FOR THE SECURITY OF THE CANAL 1) FROM CIVIL DISORDER IS PRIMARILY A POLICE FUNCTION, WHICH IS EMBRACED BY PRINCIPLE 3?

(B) IS IT RECOGNIZED BY BOTH PARTIES THAT THE HANDLING OF THREATS TO THE SECURITY OF THE CANAL 1) WHICH CANNOT ADEQUATELY BE HANDLED BY POLICE FORCES, SUCH AS THREATS OF A MILITARY OR PARAMILITARY NATURE, FALLS WITHIN THE FUNCTION OF THE "PROTECTION AND DEFENSE" OF THE CANAL WHICH IS EMBRACED BY PRINCIPLES 4, 6 AND 7?

1. INCLUDING THE WATERWAY ITSELF; THE LANDS AND WATERS AND AIR-

SPACE ASSOCIATED WITH IT, AND THE PERSONNEL OF THE CANAL ENTERPRISE.

2. SHOULD THERE BE ESTABLISHED PROCEDURES FOR PERIODIC CONSULTATIONS BETWEEN THE TWO GOVERNMENTS TO MAKE SUCH CHANGES IN THE NATURE OF PANAMA'S PARTICIPATION IN THE PROTECTION AND DEFENSE FUNCTIONS AS THEY CONSIDER DESIRABLE?

GONZALEZ' THOUGHTS ON THIS QUESTION REVOLVED AROUND WHETHER PANAMA'S PARTICIPATION WOULD BE "SEPARATE" OR "COMBINED" WITH THAT OF THE UNITED STATES. HE ALSO STATED THAT IT WOULD APPEAR USEFUL TO ATTEMPT TO DEFINE THE "GOALS AND OBJECTIVES" OF THE PROTECTION AND DEFENSE OF THE CANAL SO THAT A RATIONAL PARTICIPATION SCHEME WHICH TAKES INTO ACCOUNT THE RESPECTIVE CAPABILITIES OF BOTH PARTIES COULD BE DEVELOPED.

D. PRINCIPLE EIGHT

THE SPECIFIC EXPANSION PROJECTS TO BE COVERED IN THE TREATY CLEARLY CONSTITUTE A MAJOR ISSUE. I UNDERSTAND THERE HAS BEEN SENTIMENT WITHIN OUR GOVERNMENT IN FAVOR OF SEEKING RIGHTS TO CONSTRUCT A SEA-LEVEL CANAL ON ROUTE 14 (WHICH IS NOT CALLED FOR IN THE PRESIDENTIAL GUIDANCE) BUT THAT THE UNITED STATES' POSITION ON THIS MATTER HAS NEVER BEEN ESTABLISHED. THEREFORE I PROPOSED THE FOLLOWING LANGUAGE, DESIGNED TO BE BROAD ENOUGH TO COVER SEA-LEVEL CANAL RIGHTS WITH RESPECT TO EITHER OR BOTH ROUTES 10 AND 14:

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QUOTE 1. SHALL BE PROVISIONS IN THE TREATY FOR MAJOR NEW PROJECTS WHICH WILL ENLARGE CANAL CAPACITY IN THE EVENT THE PRESENT CANAL SHOULD BECOME INADEQUATE INCLUDE THE FOLLOWING:

(A) PROVISIONS FOR ADDING LOCKS AND CHANNELS TO THE EXISTING CANAL;

(B) PROVISIONS FOR CONSTRUCTION A SEA-LEVEL CANAL?

2. IS IT AGREED THAT THE UNITED STATES SHALL HAVE THE RIGHT TO IMPROVE THE EXISTING CANAL, APART FROM CONSTRUCTION OF ADDITIONAL LOCKS AND CHANNELS? UNQUOTE

I POSED THE QUESTIONS OF AN OPTION PERIOD AND EXTENDED DURATION IN THE EVNET EXPANSION PROJECTS WERE UNDERTAKEN, AND ATTEMPTED TO MEET PANAMANIAN CONCERNS ABOUT UNITED STATES RIGHTS WITH RESPECT TO AN EXPANDED CANAL (READ "THE CREATION OF A NEW CANAL ZONE"), WITH THE FOLLOWING LANGUAGE:

QUOTE 3. ON THE ASSUMPTION THAT IT WILL NOT BE POSSIBLE TO DETERMINE THE DESIRABILITY OF MAJOR NEW EXPANSION PROJECTS FOR SOME YEARS, WHAT SHOULD BE THE PERIOD OF TIME SET FORTH IN THE TREATY AT THE END OF WHICH THE UNITED STATES SHOULD INDICATE TO PANAMA WHETHER IT CONSIDERS MAJOR NEW PROJECTS DESIRABLE?

4. SHOULD THERE BE PROVISION IN THE TREATY FOR EXTENDING ITS TERMINATION DATE FOR AN ADDITIONAL FIXED PERIOD

OF TIME IN THE EVENT MAJOR NEW EXPANSION PROJECTS ARE UNDERTAKEN BY THE UNITED STATES, IN CONSIDERATION OF THE USE OF UNITED STATES RESOURCES IN SUCH PROJECTS?

5. IN THE EVENT THE RESPONSE TO QUESTION 4 IS AFFIRMATIVE, HOW LONG SHOULD THAT PERIOD BE?

6. WHAT ARRANGEMENTS SHALL PREVAIL BETWEEN THE TWO PARTIES FOLLOWING THE COMPLETION OF EITHER OF THE TWO MAJOR EXPANSION PROJECTS?

7. SHOULD THE TREATY PROVIDE FOR ARRANGEMENTS BY WHICH THE ARDAS THAT COULD BE REQUIRED FOR EITHER OF THE MAJOR EXPANSION PROJECTS AGREED UPON IN THE TREATY REMAIN SUITABLE OVER THE YEARS FOR THESE PURPOSES?

NOTE BY OC/T: EXDIS CAPTION ADDED PER S/S-O, MR TWOHIE.

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EXDIS

GONZALEZ REACTED PREDICTABLY, NOTING THAT THE POSITIONS REFLECTED IN THE QUESTIONS WERE "VERY OLD" AND PANAMA WOULD HAVE NO CHOICE BUT TO REACT TO OUR OLD POSITIONS WITH ITS OLD POSITIONS. HE ADDED THAT THERE MUST BE AT LEAST FOUR OR FIVE REASONABLE ALTERNATIVE FORMULAE IF WE REALLY THINK ABOUT IT, AND SUGGESTED THAT PERHAPS THE MATTER OF EXPANSION COULD BE DEALT WITH IN TERMS OF UNITED STATES TECHNOLOGICAL AND ECONOMIC ASSISTANCE, IN RETURN FOR WHICH WE WOULD RECEIVE RIGHTS. I REPLIED THAT WE WOULD VERY MUCH WELCOME HIS PROPOSALS ON HOW WE COULD WRITE THE ISSUE IN SUCH A WAY AS TO ENCOMPASS ALL REASONABLE ALTERNATIVES.

E. "OTHER" ISSUES

WHEN PRESSED THE AMBASSADOR ACCEPTED THE CREATION OF A CATEGORY OF ISSEUS WHICH DO NOT FALL READILY UNDER ONE OF THE PRINCIPLES AND HAD THOUGHT OF ONE HIMSELF--NEUTRALITY. I HAD DEVELOPED A LIST, AND INCLUDED IN IT THE ISSUE OF POST-TERMINATION GUARANTEES, BUT HAD EXPANDED THIS CONCEPT TO INCLUDE THE QUESTION OF GUARANTEES DURING THE LIFETIME OF THE TREATY IN AN EFFORT TO BALANCE THE STATEMENT OF THIS EXCEEDINGLY TOUCHY SUBJECT. ALSO INCLUDED IN THE FOLLOWING LANGUAGE ARE SOME IMPORTANT TECHNICAL QUESTIONS

WHICH DO NOT SEEM TO FIT ANY OF THE PRINCIPLES:

QUOTE 1. WHAT MECHANISMS SHALL BE ESTABLISHED FOR
THE RESOLUTION OF DISPUTES ARISING FROM THE INTERPRETATION
OF THE NEW TREATY?

2. WHAT PROVISIONS SHALL BE MADE TO GUARANTEE THAT THE
WATERWAY WILL REMAIN OPEN TO SHIPS OF ALL NATIONS ON A NON-
DISCRIMINATORY BASIS, EFFICIENTLY OPERATED AT REASON-

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ABLE TOLLS, (A) DURING THE LIFETIME OF THE NEW TREATY AND
(B) THEREAFTER?

3. WHAT ARRANGEMENTS SHOULD BE MADE FOR THE TRANSFER
OF ACTIVITIES CURRENTLY BEING CARRIED ON BY THE UNITED STATES
WHICH WOULD BE DISCONTINUED UNDER THE NEW TREATY?

GONZALEZ LIKES THE PHRASING OF THE ISSUE RELATING TO GUARANTEES,
ALTHOUGH NOT OF COURSE THE ISSUE ITSELF, AND CITED THIS AS AN
EXAMPLE OF THE CREATIVITY THAT IS NECESSARY ON BOTH SIDES.

III. CONCLUDING COMMENT

WE HAVE AGREED THAT ALL THE "ISSUE QUESTIONS" DEVELOPED THUS
FAR REMAIN SUBJECT TO CHANGE. ISSUES MAY BE REPHRASED, RE-ORDERED
OR DELETED, AND BOTH SIDES MAY ADD TO ANY NEW ISSUES THEY PERCEIVE.

GONZALEZ THEN OFFERED A THOUGHT ON APPROACHING THE NEGOTIATIONS. HE SAID WE SHOULD "FIND THE ROOTS OF THE PRINCIPLES, NOURISH THEM, AND THEN THE BRANCHES WILL COME OUT EASILY." HE EXPLAINED THAT THIS MEANT WE SHOULD FIRST DEFINE THE OBJECTIVES WE ARE SEEKING AND AGREE ON THEM, AND THEN DETERMINE THE BEST WAY TO MEET THEM. THE LAST STEP WILL PROVE TO BE MUCH MORE DIFFICULT THAN HE BELIEVES.

I WOULD NOTE, FINALLY, THAT KOZAK UNEXPECTEDLY WAS TAKEN ON A CRUISE AROUND THE ISLAND WHICH THE GOVERNMENT HAD ORGANIZED FOR VISITING HONDURANS. HE RECEIVED WORD THAT THE FOREIGN MINISTER WISHED TO GREET HIM, AND IN THE COURSE OF A GET-ACQUAINTED CONVERSATION TACK ASKED WHETHER WE WERE HARD AT WORK WRITING A NEW TREATY. KOZAK REPLIED THAT I HAD TOLD HIM OF TACK'S COMMENT TO THE SECRETARY IN NEW YORK THAT HE COULD SIT DOWN AND DICTATE A NEW TREATY IN ONE WEEK. KOZAK WENT ON TO SAY THAT WHEN THE WORK BECAME PARTICULARLY TRYING IN RECENT DAYS WE HAD THOUGHT OF TAKING HIM UP ON THIS OFFER. TACK SMILED AND SAID "JUST TRY ME. ANY TIME."
SAYRE

NOTE BY OC/T: EXDIS CAPTION ADDED PER S/S-O, MR. TWOHIE.

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